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SUBJECT: IRAQ/IRAN: IRAN MAKES BIG SHOWING AT BAGHDAD TRADE FAIR

¶1. (SBU) SUMMARY: Among the nearly 400 firms present at the 2009 Baghdad International Fair that kicked off on November 1, 51 were from Iran; making it the largest single delegation among the 32 countries in attendance. With annual trade between Iran and Iraq estimated at USD 4 billion (up 30 percent since 2008), Iran's dominant presence underscores the country's continued (and growing) focus on Iraq as a viable market for Iranian goods and services. It faces serious competition, however, from other foreign competitors, especially Turkey. END SUMMARY

¶2. (U) The Baghdad International Fair kicked off on November 1, continuing GOI efforts to attract foreign investment to Iraq. Iran was one of 32 countries at the fair and had 51 companies present, the largest contingent among the approximately 400 companies in attendance. Iranian Ambassador to Iraq Hassan Kazemi-Qomi sounded a positive note about the prospects for international investment in Iraq, commenting to the press that the fact that the fair is being held despite the October 25 bombings demonstrates the deep interest of foreign investors in the Iraqi market. Iranian companies in the fields of medicine, construction, textiles, engineering services, food processing, and other areas were present at the event, Qomi told Iranian press.

¶3. (U) The ten-day trade show focuses on Construction and Foreign Investment, and is the first international fair to be held in Baghdad since 2002. It follows the U.S.-Iraq Business and Investment Conference in Washington October 20-21, and precedes one scheduled for November 5-6 in Berlin. Other countries heavily represented at the fair were Turkey, France, and Brazil. The GOI paved the way for European participation in the fair in early October, when it dropped a condition requiring participating companies to pledge to boycott Israel. According to press reports, on November 2 French design firm Aeroports de Paris International signed a 28 million Euro contract to design the Middle Euphrates Airport to serve the Shi'a holy cities of Najaf and Karbala, according to press.

¶4. (SBU) COMMENT: The high level of Iranian participation in this trade fair shows Iran's continued efforts to expand its economic ties with Iraq and influence over Iraq. The IRIG's enthusiasm notwithstanding, it is unclear what contracts or agreements may result from Iran's strong showing. Iranian press outlets often exaggerate the significance and finality of trade and contractual discussions, not to mention the quality of Iranian goods. Latest estimates indicate that trade between Iran and Iraq continues to grow and is approximately USD 4 billion, with Iranian imports representing approximately 48 percent of Iraq's imports. However, presence does not necessarily translate into unlimited opportunity for Iranian firms, who continue to face growing foreign competition, most notably from Turkey. Due to security concerns, there was no U.S. participation at the fair. END COMMENT

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